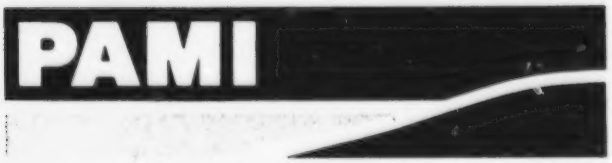
Fourteenth Annual Report 1987-1988



PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

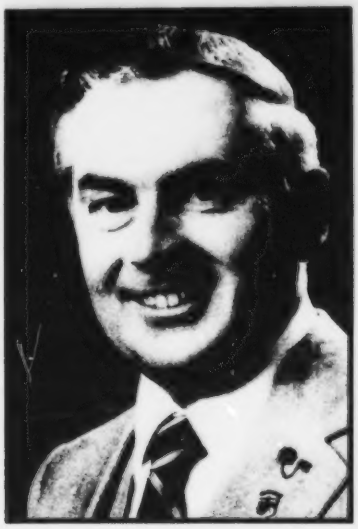
THE PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

"To improve the design and aid in the selection and use of agricultural machinery in the prairie provinces."

To achieve this goal, the provinces of Alberta, Manitoba and Saskatchewan established the Prairie Agricultural Machinery Institute as a unique resource to the farmers and agricultural machinery manufacturers on the prairies. Since its inception October 10, 1974, programs to provide for the evaluation and development of agricultural machines, for research into matters concerning agricultural machines and for the extension of information on agricultural machines have been the primary concern of PAMI.

Honourable
Grant Devine
Premier and Minister of
Agriculture
Province of Saskatchewan

Honourable
Peter Elzinga
Minister of Agriculture
Province of Alberta



Honourable
Glen Findlay
Minister of Agriculture
Province of Manitoba

MEMBERS OF COUNCIL (To March 31, 1988)

Name
CHAIRMAN
G. Nystuen
Spalding, Saskatchewan

COUNCILORS
D. Green
Claresholm, Alberta

J. Enns
Oak Bluff, Manitoba

R.S. Forrest
Alberta Agriculture
Edmonton, Alberta

W.R. Reed
University of Saskatchewan
Saskatoon, Saskatchewan

T.L. Pringle
Manitoba Department of Agriculture
Winnipeg, Manitoba

John Buhler
Winnipeg, Manitoba

J. Huber
Raymore, Saskatchewan

B. Nicholson
Shoal Lake, Manitoba

M. Westby
Watrous, Saskatchewan

L.R. Warden
Regina, Saskatchewan

SECRETARY
B. Broad, Acting Director
Prairie Agricultural Machinery
Institute
Humboldt, Saskatchewan

LETTER OF TRANSMITTAL

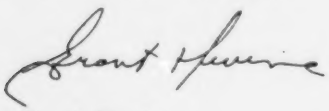
Regina, Saskatchewan
March 1988

Her Honour Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

May It Please Your Honour:

Pursuant to Section 19 (1) and (2) of the Prairie Agricultural Machinery Institute Act, R.S.S. 1978. I respectfully submit, for your consideration, the Annual report of the Prairie Agricultural Machinery Institute for the fiscal year ending March 31, 1988.

Your obedient servant,



Grant Devine
Premier and Minister of Agriculture
Province of Saskatchewan

LETTER OF TRANSMITTAL

Humboldt, Saskatchewan
March 1988

HONOURABLE GRANT DEVINE
Premier and Minister of Agriculture
Province of Saskatchewan

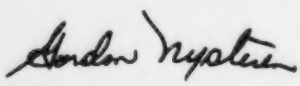
HONOURABLE PETER ELZINGA
Minister of Agriculture
Province of Alberta

HONOURABLE GLEN FINDLAY
Minister of Agriculture
Province of Manitoba

Sirs:

It is my honour to present the Annual Report and audited Financial Statements of the Prairie Agricultural Machinery Institute for the fiscal year ending March 31, 1988.

Respectfully submitted,



G. Nystuen, Chairman
Prairie Agricultural
Machinery Institute Council

Humboldt, Saskatchewan
March 1988

Mr. G. Nystuen, Chairman
Prairie Agricultural Machinery
Institute
Humboldt, Saskatchewan

Dear Sir:

It is my honor to submit the Fourteenth Annual Report of the Prairie Agricultural Machinery Institute for the year ending March 31, 1988.

One of the major highlights of the year occurred on March 23, 1988, when Premier Grant Devine announced that the Provinces of Saskatchewan and Manitoba would continue to fund the Institute. He announced that the Saskatchewan Research Council would become part of the management structure under contract to the PAMI Board of Directors.

During the fiscal year, preparations were made to transfer the operations of the Lethbridge station to the Alberta Department of Agriculture. As of April 1, 1988 the Lethbridge station is being operated as part of Alberta Agriculture and is known as the Alberta Farm Machinery Research Centre. We were disappointed to lose the Alberta support to PAMI. However we will work cooperatively with them both in program planning and information distribution.

A couple of significant staff changes occurred during the year. R. Capstick resigned his position as Director. I assumed the position of Acting Director for the balance of the year. Also J. Wassermann was appointed as Station Manager of the Humboldt station replacing G. Frehlich.

In the program areas, the Institute had another successful year. Evaluations were initiated on over 60 machines bringing the total number of evaluation reports issued by PAMI to 550. We also experienced our best year ever in fee for service work, generating over $400,000 in revenues.

The extension program continued to be very active. Direct contacts were made with 14,000 clients. As well, the Institute issued numerous news articles, presented clinics and conducted tours and attended several trade shows.

Another year is behind us and we must now get on with the next one. I am looking forward to our association with the Saskatchewan Research Council and their assistance in developing our five year strategic plan which will ensure a solid future for PAMI.

Respectfully submitted

Barrie Broad

Barrie O. Broad
Acting Director

PROGRAMS AND OBJECTIVES

The Prairie Agricultural Machinery Institute Act which was passed by the Saskatchewan Legislature in 1974 provides the general terms of reference for the Institute. The provinces of Saskatchewan, Manitoba and Alberta then entered into an agreement to operate PAMI as a joint venture. This agreement terminated on March 31, 1988 when Alberta withdrew their financial support to PAMI.

The purpose of the Institute is "to improve the design and aid in the selection and use of agricultural machinery on the prairies". Test stations are located at Humboldt, Saskatchewan; Lethbridge, Alberta and Portage la Prairie, Manitoba. The Humboldt station specializes in tillage, harvesting and drying equipment. Lethbridge concentrates on fans, spraying and seeding equipment while Portage la Prairie tests haying, forage and grain handling equipment.

PROGRAMS

Four programs are carried out be each test station, as follows:

1. **Development Program** - aimed at assisting industry in developing and improving machines for prairie agriculture.

2. **Evaluation Program** -aimed at evaluating the performance of agricultural machinery under prairie conditions.

3. **Research Program** - aimed at ensuring that priority research projects, relative to agricultural machinery, are carried out to suit changing agricultural practices.

4. **Extension Program** - aimed at providing farmers with information to assist in the intelligent purchase, and safe and efficient operation of agricultural machinery.

DEVELOPMENT PROGRAM

Through this program, assistance is provided to manufacturers in developing and improving machines to suit prairie needs. This may take the form of prototype or preproduction testing, design modification, or assistance in developing new machine concepts.

Some of the services available to manufacturers include the use of mobile field laboratories and specialized measuring equipment, durability testing of components or complete machine assemblies, experimental stress analysis, design of electronic control systems, standards compliance testing, sound level measurement high speed photography, technical information searches and finite element analysis.

Prairie manufacturers that require assistance to overcome problems are given high priority by PAMI staff. Fee for service arrangements for development work are negotiated between the client and the Institute. A confidential report is provided to the manufacturer at the conclusion of the project.

The Research and Development Programs experienced their most successful year ever, realizing $417,723 in fees from 50 projects. The majority of the clients were small, prairie based manufacturers that required engineering and technical assistance with their products. Many clients also utilized the Industrial Research Assistance Program (IRAP) to assist them with funding their projects.

EVALUATION PROGRAM

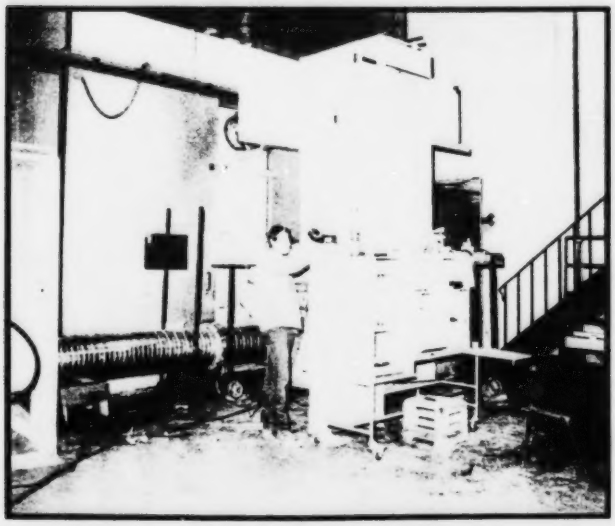
The Institute carries out functional evaluations of agricultural machines offered for sale on the prairies to determine performance characteristics, workrates, power requirements, safety aspects and suitability for prairie agriculture.

Machines are selected for test based on a priority list established on the basis of importance to prairie agriculture, capital cost, uniqueness of design and frequency of requests for information.

Tests are conducted primarily in the field and supplemented by laboratory tests where applicable. This provides an assessment of performance under typical conditions encountered throughout the prairie provinces. Results are published and circulated to the PAMI subscriber list and made available to the public.

The 1987-88 test season was the first year that the prototype evaluation program was active. The program was an overwhelming success with about 80% of the machines evaluated being prototypes. Manufacturers appreciated the opportunity to correct problems as their machine was evaluated. Farmers also received evaluation reports at the same time as new machines were introduced to the market. In future years, prototype evaluation will continue to form the major portion of the evaluation program.

The 1987-88 evaluation program included assessments of combines, windrowers, natural air drying systems, round balers, bale wagons, mower conditioners, pneumatic conveyors, front end loaders, air seeders, cultivators, sprayers, fans and moisture meters. Reports on these machines will be finalized early during the 1988-89 fiscal year.



RESEARCH PROGRAM

The research program is small compared to other programs conducted by the Institute. PAMI conducts selected, timely research projects on machinery related subjects usually in cooperation with universities, research institutes, test agencies and manufacturers. Research projects usually investigate mechanization to suit new crops, new cultural practices or establish evaluation procedures.

During the year Institute staff conducted projects on pasture renovation, ventilation fan controllers and heat recovery ventilators. All of these projects were funded jointly by one or more agencies generating a total revenue of $63,568.

Two internally funded projects were conducted or natural air grain drying to verify if simulation procedures could be used to assess drying system performance.

EXTENSION PROGRAM

Extension is the dissemination of information obtained through other programs to farmers, manufacturers, extension agencies and other interested groups and individuals.

The Institute publishes evaluation reports summarizing the findings of the machine evaluation. These reports are distributed to the subscriber and are available to the public as requested. Other publications such as PAMI News and Gleanings are published to keep the public aware of PAMI activities. Other methods of transferring information include clinics, seminars, meetings, media, trade shows, tours, meetings and representation on external committees.

An ambitious program was conducted during the year with PAMI staff directly contacting about 14,000 clients. Over 20 clinics were presented on combine, drying, seeding and spraying equipment. All of these clinics were held in conjunction with or sponsored by the provincial departments of agriculture. In addition 60 tours were given to farmers, government officials, manufacturers, educational institutions and professional groups from the three provinces. Tours were also given to groups from China, Russia, England, Norway and Australia. Staff attended 12 major trade shows and gave 50 radio and television interviews. Twenty-five evaluation reports were mailed throughout the year.

PROGRESS DURING 1987-88

ACTIVITIES AT HUMBOLDT STATION

- J.D. Wassermann, Station Manager

DEVELOPMENT PROGRAM

In 1987-88, the Humboldt station completed 28 development projects for a total revenue of $235,700. Altogether, 28 projects were initiated for 25 different manufacturers. In addition, Humboldt engineers gave technical advice to 11 other manufacturers on the development of new products.

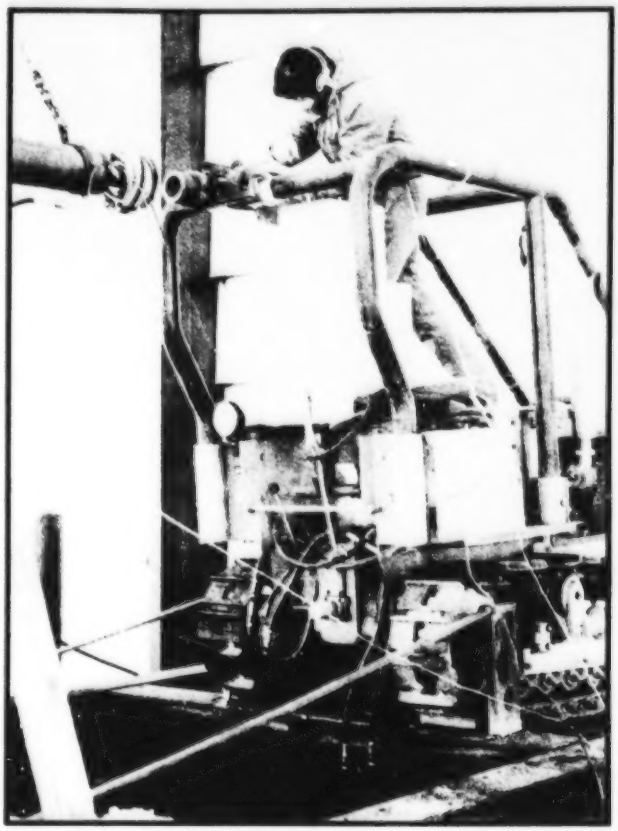
About half of the initiated development projects involved harvest and post-harvest equipment. Two windrower projects were conducted, including development of a new windrower for manufacturers in Saskatchewan and development of a windrower attachment to augment over-winter snow trapping in stubble fields. Three combine projects were conducted, including testing of a new Soviet combine, testing of a revolutionary threshing-header concept and measuring power requirements of a high capacity straw chopper. Six projects were conducted to help improve prototype natural air drying systems for grain storage bins.

Six projects relating to tillage equipment were conducted. Four involved durability and characteristic tests of shank assemblies. The other two tests involved evaluation of a prototype cultivator and an electronic tillage depth control system.

Six projects were conducted to improve design of heat recovery ventilators for residential as well as agricultural use. As well, performance tests were carried out to help a Saskatchewan manufacturer ensure proper performance of the heating/cooling system in an ambulance coach.

Three tractor roll-over protective structures were tested for manufacturers to ensure compliance with safety standards.

The continued growth of manufacturers' participation indicates the value of PAMI's development program to the agricultural machine industry. PAMI will endeavor, by increasing its marketing initiatives, to provide appropriate and beneficial development service in pace with changing demands of industry.



EVALUATION PROGRAM

The Prototype Evaluation Program was an immediate success at the Humboldt Station. About 80% of the evaluation program was on prototypes. There were also some contract evaluation projects. Which occur when out internally-funded evaluation program is filled and either the manufacturer of a producer group wants another machine to be evaluated. In this case, they can contract PAMI to evaluate at their expense. This year one combine and a group of 18 ventilation fan controllers were evaluated under contract. These projects reinforce the value of evaluation to the users and manufacturers.

Evaluation reports were completed on two combines, two windrowers, three natural air drying systems, and one cultivator. In the coming year, a full program is proposed in the four main areas of combines, windrowers, drying, and tillage.

Test procedures and report formats were reviewed. Test procedures on natural air drying systems were expanded to provide more in-depth results. Also, the cultivator report format was modified to provide improved and up-to-date information to the reader.

RESEARCH PROGRAM

Tests were conducted on a number of ventilation fan controllers. The purpose was to provide engineering information for proper system design and to evaluate the controllers' performance. A second project, to investigate adding of heat while natural air grain drying, was wrapped up this year. These projects were funded by Saskatchewan Agriculture through the Canada/Saskatchewan ERDA agreement.

Two internally-funded projects involving natural air grain drying were conducted by PAMI. Tests were carried out to verify whether simple simulation procedures could be used to assess drying system performance, rather than relying on costly full scale tests. The projects are complete, with encouraging results. They will provide the ground work for improved test procedures for evaluation of drying systems.

In 1987-88, the Humboldt station completed four research projects. Two of the projects were funded by external agnecies for total revenue of $37,100. The other two projects were internally-funded.

EXTENSION PROGRAM

Considerable effort, by the Humboldt staff, was put towards answering questions from concerned clients. Farmers, manufacturers, and special interest groups were troubled by the possible closure of the Prairie Agricultural Machinery Institute. The agreement, between the governments of Saskatchewan and Manitoba to provide continuance for PAMI, has put these problems to rest.

With 13 years of accumulated expertise and test results, PAMI's staff is increasingly in demand as an Extension source. Over the past year, PAMI's staff in Humboldt have been in direct contact with nearly 11,500 clients. Also, working with the Saskatchewan Department of Agriculture Extension personnel and implement dealers, 15 clinics on planting equipment, combines, and grain drying were presented to prairie farmers.

PAMI was represented at six trade shows in the province. Besides the popular Mexabition, Agribition and Western Canada Farm Program Show, Humboldt staff also attended the Crop Production Show, the PAMI Convention, and an open house at the Agricultural College in Vermilion. Two new promotional aids were developed for these shows.

Thirty-five news articles on PAMI and its programs were released to the media. Also, PAMI staff participated in 25 radio interviews and 22 TV interviews. As an ongoing effort, to keep our subscribers informed, PAMI issued two editions of the PAMI News, which were included in our regular mailing.

During the year, PAMI specialists were requested as speakers or guest presentors at several farm and technical meetings. Humboldt station staff also attended nearly 40 technical meetings, conferences, or workshops in an effort to maintain their presence and knowledge within the agricultural technical community.

Humboldt staff conducted over 50 tours during the past year. Tours were given to farmers, manufacturers, educational institutions, and professional groups from all over the three prairie provinces. Many foreign delegations visited the PAMI station with visitors from China, Russia, Australia, England, and Norway. The tours are popular and a useful means of showing the public how work is conducted at the Prairie Agricultural Machinery Institute.

PAMI has always been proud of the quick and enthusiastic response that our staff give to our clients' questions. Visitors and information seekers are always welcome at PAMI's Humboldt station.

ACTIVITIES AT THE LETHBRIDGE STATION

- R.P. Atkins, Station Manager

DEVELOPMENT PROGRAM

In 1987-88 the Lethbridge Station completed 12 development projects for a total revenue of $70,000.

During the year, more emphasis was put on development work. Projects were conducted on chemical injectors, a high speed blower, air seeder distribution system, drainage plow design, reciprocating pumps, pneumatic conveyor and a fertilizer injection system.

EVALUATION PROGRAM

The Lethbridge evaluation program concentrated on prototype equipment. Manufacturers are responding favorably to the prototype evaluation program and the benefits are just beginning to be realized. Evaluations were completed on four air seeders, four cultivators, three banding/seeding attachments, two sprayers, one chemical injector, one chemical transfer device, one packer drawbar, six ventilation fans and nine aeration fans.

RESEARCH PROGRAM

There were not any research projects conducted during the year in Lethbridge. A project to measure pesticide residues under various seeding treatments was initiated with the Canadian Wildlife Services prior to the end of year.

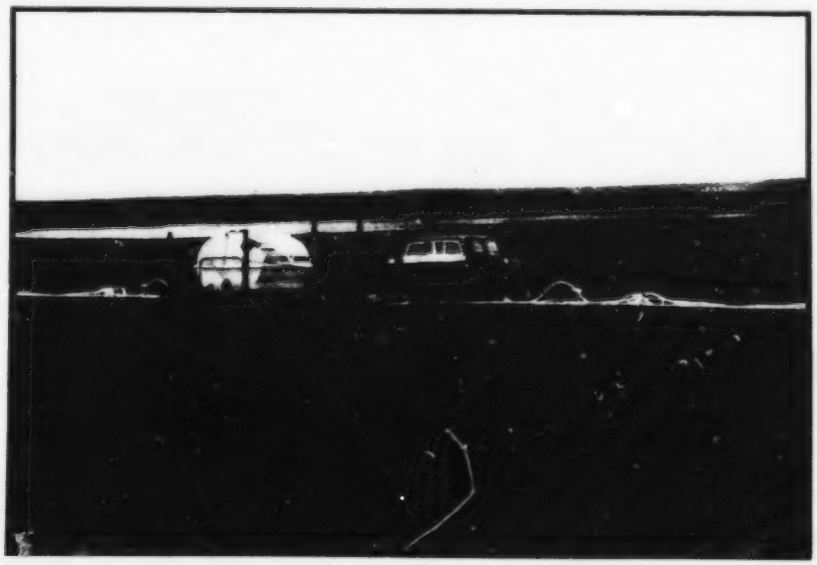
EXTENSION PROGRAM

The Lethbridge staff conducted another extensive program during the year. The highlight was an open house at the station in July with over 500 farmers, agri-business and government representatives in attendance. The day included seminars on combines along with displays on seeding, tillage, spraying and grain drying.

The Lethbridge station participated in the fall meeting of the Pacific Northwest Region meeting of the Canadian Society of Agricultural Engineers. The program included technical presentations and a tour.

PAMI hosted booths at the major provincial trade shows including Red Deer's Agritrade and Grow Show, Edmonton's Farm and Ranch Show and the Lethbridge Ag-Expo. Attendance at all shows was up with many farmers and manufacturers visiting the PAMI booth.

Over 100 farmers attended four "Machinery Days" that were sponsored throughout the province. Presentations were given on air seeders, drills, sprayers and harvest systems. All seminars were sponsored in cooperation with Alberta Agriculture. Air seeder presentations were also given at the Brandon and Winnipeg weed fairs. Various press releases were prepared and media interviews were granted throughout the year.



ACTIVITIES AT THE PORTAGE LA PRAIRIE STATION

- G.M. Omichinski, Station Manager

DEVELOPMENT PROGRAM

The Portage la Prairie station worked on a total of 10 projects that generated $113,000 of revenue.

OECD tests were conducted on five, four wheel drive tractors at the manufacturers' site. PAMI is an accredited OECD tractor test station and the international acceptance of the OECD tests replacing the Nebraska tests places PAMI is an ideal position to service North American tractor manufacturer's testing requirements.

Other projects included draft measurements of zero-til drills, evaluation of round bale moisture measurement techniques, modification of a plot combine, comparison of swather cab air conditioner, drawings of swather components and the installation of a trailer winch.

EVALUATION PROGRAM

Evaluation continued on equipment for haying and forage production. Machines included two mower conditioner, four round balers, three bale transporters, four hay moisture meters, a front end loader and two pneumatic conveyors. Ten evaluation reports were completed for mailing throughout the year.

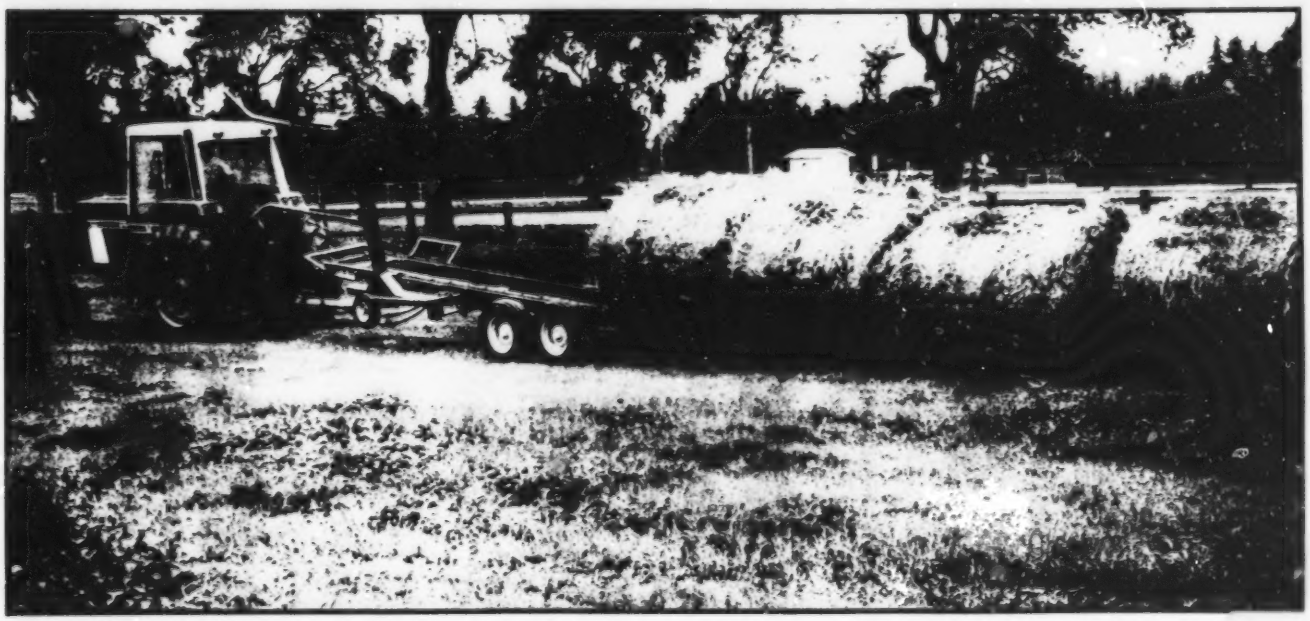
The evaluation program at Portage forms a major portion of the overall station activities. More prototypes are likely to be evaluated as the manufacturers and farmers see the benefits of the prototype evaluation program.

RESEARCH PROGRAM

The Portage La Prairie staff were involved in a project demonstrating zero-til pasture renovation. The purpose of the project was to compare the agronomic performance of three renovation techniques and to measure and record the energy requirements for each. The techniques included zero-til, chem fallow and conventional tillage. Two sites were selected representing stoney, sandy and sloping soil conditions. The project has been extended into the 1988 season with the selection of three additional sites, preparation of a video and the continued monitoring of the first year sites.

EXTENSION

Portage La Prairie staff continued to respond to information inquires throughout the year. Staff assisted with the PAMI booth at the Western Canada Farm Progress Show and participated in the Brandon and Winnipeg Weed Fairs. Three combine clinics were hosted throughout the province during the winter with assistance from Humboldt station staff. A haying presentation was made in Alberta. Several tours were conducted, several news releases prepared and media interviews granted on request.

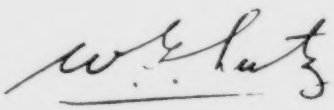


AUDITOR'S REPORT

To the Members of the Legislative Assembly,
Province of Saskatchewan

I have examined the statement of financial position of the Prairie Agricultural Machinery Institute as at March 31, 1988 and the statements of revenue, expenditure and fund balance and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these Financial Statements present fairly the financial position of the Prairie Agricultural Machinery Institute as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
August 9, 1988

W.G. Lutz, F.C.A.
Provincial Auditor.

Statement 1

STATEMENT OF FINANCIAL POSITION

March 31, 1988

ASSETS	1988	1987
Current:		
Bank	$ 158,418	$ 182,536
Short term investments, at cost	547,574	691,775
Accounts receivable	138,918	78,773
Travel advances	1,120	7,040
Prepaid expenses	15,154	18,207
	861,184	978,331
Fixed: at cost		
Assets under capital leases	37,111	189,049
Buildings	1,943,891	2,678,302
Equipment - for evaluation	63,258	66,684
Equipment	1,396,350	1,712,004
Land and improvements	300,164	363,257
Furniture	215,921	288,230
Vehicles	149,940	271,574
Reference material	12,970	12,970
	4,119,605	5,582,070
	$4,980,789	$6,560,401

LIABILITIES AND FUND BALANCE	1988	1987
Current Liabilities:		
Accounts payable	$ 454,772	$ 124,308
Unearned subscription income	41,485	44,160
Project advances	21,000	7,760
Obligations under capital lease	3,147	42,003
	520,404	218,231
Non-Current Liabilities:		
Unearned subscription revenue	59,714	72,602
Less current portion	41,485	44,160
	18,229	28,442
Obligations under capital lease (Note 4)	3,147	45,150
Less current portion	3,147	42,003
	--	3,147
Fund Balance:		
Fixed assets (Note 5)	4,116,458	5,536,920
Operating (Statement 2)	325,698	773,661
	4,442,156	6,310,581
	$4,980,789	$6,560,401

(See accompanying notes to the financial statements)

STATEMENT OF REVENUE EXPENDITURE AND FUND BALANCE

Statement 2

Year Ended March 31, 1988

	1988	1987
Revenue:		
Provincial grants (Note 1(d))		
- Saskatchewan	$ 957,120	$1,057,120
- Alberta	622,000	822,190
- Manitoba	425,380	469,820
	2,004,500	2,349,130
Fee for service (Note 1(c))	417,723	188,508
Investment income	65,887	92,942
Other income	50,391	38,970
Sale of fixed assets	–	13,044
Subscription income (Note 1(b))	59,215	70,052
Total revenue	2,597,716	2,752,646
Expenditure (Schedule 1)	2,870,303	2,743,287
(Deficiency) excess of revenue over expenditure	(272,587)	9,359
Fund balance, beginning of year	773,661	764,302
	501,074	773,661
Operating fund balance transferred to the Government of Alberta (Note 3)	(175,376)	--
Fund balance, end of year	$ 325,698	$ 773,661

(See accompanying notes to the financial statements)

STATEMENT OF CHANGES IN FINANCIAL POSITION

Statement 3

Year Ended March 31, 1988

	1988	1987
Cash provided by (used in) operating activities:		
(Deficiency) excess revenue over expenditure	$(272,587)	$ 9,359
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(60,145)	46,021
Decrease (increase) in travel advances	5,920	(1,790)
Decrease in prepaid expenses	3,053	10,229
Increase in accounts payable	330,464	23,425
Increase (decrease) in project advances	13,240	(5,090)
	292,532	72,795
(Decrease) in unearned subscription revenue	(12,888)	(6,434)
Cash provided by operations	7,057	75,720
Transfer of operating fund balance to the Government of Alberta (Note 3)	(175,376)	--
Net (decrease) increase in cash during the year	(168,319)	75,720
Cash and short term investments, beginning of year	874,311	798,591
Cash and short term investments, end of year	$ 705,992	$ 874,311

(See accompanying notes to the financial statements)

NOTES TO FINANCIAL STATEMENTS
March 31, 1988

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting policies that are considered appropriate for organizations of this type. The significant accounting policies are as follows:

a) Fixed Assets

The acquisitions of fixed assets are financed primarily through grants received from the Provinces of Manitoba, Saskatchewan and Alberta, and are accounted for on a fund accounting basis. In the Statement of Revenue, Expenditure and Fund Balance (Statement 2), all grants are recorded as revenue and the purchase of fixed assets are recorded as an expense. Assets acquired and accounted for as capital leases are expensed as the related principal portion of the obligations under the capital leases are reduced. Accordingly, no provision has been made for depreciation of fixed assets. To maintain accountability for fixed assets, they are recorded as a balance sheet asset with a corresponding entry to either the Fund Balance "Fixed Assets" or "Obligations Under Capital Leases". As the principal portion of the "Obligations Under Capital Leases" are reduced, the related amounts are credited to the Fund Balance "Fixed Assets".

b) Unearned Subscription Income

Subscription revenue for published reports is taken into an unearned subscription account as received and is amortized to income as the revenue is earned. The portion which relates to future years is shown as unearned subscription income in the Statement of Financial Position.

c) Fee for Service

Fee for service revenue on research contracts is recognized on the accrual basis to the extent that costs have been incurred.

d) Funding

In accordance with an agreement signed by the Provinces of Manitoba, Saskatchewan and Alberta, funding of the operating budget is received in the following proportions:

Manitoba	20%
Saskatchewan	45%
Alberta	35%

During the 1987-88 fiscal year, Manitoba and Saskatchewan contributed $69,951 and $157,406 respectively in addition to the funding of the operating budget required by the agreement.

The Institute, in accordance with the authority included in Order-in-Council 1800/79, follows the policy of retaining the excess of revenue over expenditure received in the year.

2. Incorporation

The Prairie Agricultural Machinery Institute was established as a body corporate under The Prairie Agricultural Machinery Institute Act, Chapter 2, 1973-74, Revised Statutes of Saskatchewan and is continued under Chapter P-21, Revised Statutes of Saskatchewan, 1978.

The purposes of the Institute include:

a) to test and appraise under actual or simulated working conditions, machinery sold or offered or intended for sale;
b) to undertake development work to improve and develop machinery for agricultural use;
c) to publish such reports, pamphlets and bulletins as are consistent with the intent of the Act.

3. Withdrawal of Alberta from the Institute

Effective March 31, 1988, Alberta withdrew from the Institute. The Lethbridge station was transferred to the Alberta Department of Agriculture in accordance with the Addendum to Agreement between the Governments of Saskatchewan, Alberta and Manitoba entered into October 10, 1974. The following is a listing of the assets transferred:

Assets Transferred	Amount
Operating fund balance	$ 175,376
Buildings	734,412
Equipment	453,792
Vehicles	121,635
Furniture	77,310
Land and improvements	63,093
Equipment - for evaluation	4,448
Total transferred	$1,630,066

4. Obligations Under Capital Leases

The following is a schedule of the minimum lease payments for several capital leases having implicit interest rates of 13.5% which expire in 1989, together with the present balance of the total obligations under the capital leases:

March 31, 1989	$3,237
Less: amount representing interest	(90)
	$3,147

5. Fund Balance, Fixed Assets

	1988	1987
Fixed assets, March 31	$4,119,605	$5,582,070
Less obligations under capital leases	(3,147)	(45,150)
Fund balance, fixed assets	$4,116,458	$5,536,920

6. Government Assistance

During the 1988 fiscal year, the Institute received government assistance related to employment of students in the following amounts:

	1988	1987
Government of Canada	$22,767	$17,272
Province of Manitoba	2,277	1,513
Province of Saskatchewan	--	1,200
	$25,044	$19,985

These amounts are included in other income in the statement of revenue and expenditure and fund balance.

7. Contingency

The Prairie Agricultural Machinery Institute has been named as defendant in a law suit. The outcome of this legal proceeding is not determinable at this time. The amount payable, if any, will be funded by the three provinces in the proportions set out in Note 1(d).

8. Related Party Transactions

Included in these Financial Statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various government departments, agencies and corporations with which the Prairie Agricultural Machinery Institute is related.

Account balances resulting from these transactions are included in the Balance Sheet and are settled on normal trade terms.

Other amounts owing to related parties and their terms of settlement are described separately in the financial statements and notes thereto.

SCHEDULE OF EXPENDITURE

SCHEDULE 1

Year Ended March 31, 1988

	1988	1987
Salaries	$1,574,006	$1,539,828
Employee benefits	169,852	164,045
Shop supplies	136,023	114,574
Travel and vehicle operations	133,584	128,974
Equipment	133,375	61,760
Insurance, licenses and taxes	117,098	103,611
Printing and binding	100,790	114,257
Stationery and office supplies	81,722	82,783
Utilities	67,451	62,718
Rent - building and equipment	65,592	78,772
- equipment to be evaluated	1,004	6,926
Telephone and telegraph	60,869	59,263
Bad debts	56,417	2,383
Repairs and maintenance - building and equipment	55,070	55,262
Contractual services	30,142	20,273
Computer services	26,293	31,273
Professional and technical services	16,686	15,461
Advertising and promotion	16,017	22,416
Reference material	9,292	9,251
Honoraria	7,418	8,810
Furniture and fixtures	7,000	1,295
Interest expense - leases	3,580	10,906
Equipment - machinery to be evaluated	1,022	6,010
Building	–	1,695
Vehicles	–	40,741
	$2,870,303	$2,743,287